

Message Text

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ACTION EB-04

INFO OCT-01 SS-04 EUR-03 NSC-04 TRSE-00 NSCE-00 CEA-01

INR-01 CIAE-00 FRB-01 ISO-00 /019 W

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R 021806Z JAN 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7776

INFO AMEMBASSY KINGSTON

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 00052

LIMDIS GREENBACK

PASS TREASURY AND FRB. KINGSTON FOR SECRETARY SIMON PARTY

E.O. 11652: XGDS-1

TAGS: EFIN, UK

SUBJECT: SIR DEREK MITCHELL ON MEETINGS OF INTERIM AND

DEVELOPMENT COMMITTEE -- JANUARY 7-10

REF. STATE 00470

1. ON JANUARY 2, FINANCIAL ATTACHES HAD TOUR D'HORIZON ON FORTHCOMING MEETINGS WITH SIR DEREK MITCHELL, SECOND PERMANENT SECRETARY, H.M. TREASURY. HE SEES POSITIVE LDC REACTION TO THE OVER-ALL PACKAGE AS THE NECESSARY KEY TO ITS SUCCESSFUL ADOPTION. HE CONSIDERED COMPENSATORY FINANCING FACILITY IN GOOD SHAPE, HOPED SAME WOULD BE TRUE FOR THE TRUST FUND. CHANCELLOR WILL BE GOING TO THE MEETINGS WITH NO FIRM POLITICAL POSITION VIS-A-VIS THE LDCS. HE WILL ASSESS THEIR REACTIONS ON THE SPOT AND HOPEFULLY MEDIATE WHERE HE CAN BE HELPFUL. SIR DEREK CONFIRMED CHANCELLOR HAD SENT MESSAGES TO THE LARGER COMMONWEALTH COUNTRIES ASKING THEM TO GENERALLY SUPPORT THE U.S. AND FRENCH PROPOSALS; TIMING OF MESSAGES WAS BETWEEN THE RAMBOUILLET AND DECEMBER 19 FINANCE MINISTERS' MEETINGS. CHANCELLOR HAS NOT HAD ANY RESPONSE TO THESE

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MESSAGES. EARLY THIS WEEK UK ALSO MADE BILATERAL APPROACH

TO THE JAMAICANS, SEEKING SUPPORT FOR THE PACKAGE. MITCHELL SAID HE IS UNAWARE OF ANY DIFFICULTIES LIKELY TO BE RAISED BY COMMONWEALTH COUNTRIES. ASSUMING ALL GOES WELL, MITCHELL THINKS ACTUAL LEGISLATIVE RATIFICATION OF AMENDMENTS WOULD TAKE BETWEEN ONE AND TWO YEARS.

2. MITCHELL SAID UK POSITIONS IN JAMAICA WOULD NOT COME AS ANY SURPRISE OR POSE ANY PROBLEMS FOR THE US. IT WILL SUPPORT AGREEMENTS ALREADY REACHED. NOR WAS HE AWARE OF ANY BILATERAL ISSUES OR DIFFICULTIES LIKELY TO ARISE.

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ACTION EB-04

INFO OCT-01 SS-04 EUR-03 TRSE-00 CEA-01 NSC-04 NSCE-00

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INFO AMEMBASSY KINGSTON

C O N F I D E N T I A L SECTION 02 OF 02 LONDON 00052

LIMDIS GREENBCK

3. MITCHELL SAID UK AND OTHERS WOULD BE CLOSELY WATCHING US CONGRESSIONAL REACTION TO THE AGREEMENT ON GOLD. WE POINTED OUT SEVERAL MEMBERS OF CONGRESS AND SOME CONGRESSIONAL STAFF MEMBERS WOULD BE PRESENT IN JAMAICA. TO EXTENT THAT THEY DISCUSSED THE ISSUES WITH UK OFFICIALS, FINANCIAL ATTACHE HOPED UK TEAM WOULD SEEK CONGRESSIONAL SUPPORT FOR THE PACKAGE, INCLUDING THE GOLD AGREEMENT. MITCHELL NOTED THIS, SAID HE HAD HEARD CONGRESSMAN REUSS HAD JUST SENT A PUBLIC LETTER TO SECRETARY SIMON OPPOSING THE GOLD ARRANGEMENTS. HE ANTICIPATED CONGRESSIONAL REACTION COULD STILL POSE DIFFICULTIES TO THE AGREEMENT, ALTHOUGH HE STRONGLY HOPED THAT THE PACKAGE

WOULD NOT COME APART. HE SAID HE WAS "RESPECTFUL AND SURPRISED" THAT THE U.S. HAD GONE AS FAR AS IT HAD IN MEETING THE FRENCH AND HOPED THE FRENCH WOULD NOT LATER POSE UNEXPECTED DIFFICULTIES. GIVING INTO THEM TENDS TO WHET THEIR APPETITE AND LEADS THEM TO ASK FOR MORE.

4. MITCHELL NOTED WITH SATISFACTION THAT THE UK'S IMF DRAWING HAD BEEN APPROVED. THE UK'S LETTER TO THE IMF, CURRENTLY AVAILABLE TO IMF BOARD MEMBERS, WILL PROBABLY BE PUBLISHED IN RESPONSE TO A PARLIAMENTARY QUESTION ON JANUARY 9. UK POLICIES HAVE HAD A THOROUGH GOING OVER BY IMF STAFF. UK HOPES THAT THE DRAWING WILL ENGENDER CONFIDENTIAL

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FIDENCE IN UK9 ENABLE UK TO AGAIN BORROW ON FAVORABLE TERMS ON PRIVATE INTERNATIONAL MARKETS. IN REPLY TO A QUESTION ABOUT THE SECOND 400 MILLION DOLLAR TRANCHE DUE FROM IRAN LAST MONTH OR THIS MONTH, MITCHELL REPLIED WITHOUT ANY ADDITIONAL COMMENT THAT THE MONEY HAS NOT YET BEEN RECEIVED.

5. US DELEGATION MEMBERS MAY WISH TO CONGRATULATE GORDON RICHARDSON, GOVERNOR OF THE BANK OF ENGLAND. HE WAS CITED IN QUEEN'S NEW YEAR'S HONORS, MADE A PRIVY COUNCILLOR. THIS DOES NOT REPEAT NOT CONFER A TITLE, BUT HENCEFORTH HE IS KNOWN AS QUOTE THE RIGHT HONORABLE UNQUOTE.

RICHARDSON

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